

account in determining the continuous period  
under  
subparagraph (A).

"(3) METHOD OF CREDITING COVERAGE  
"(A) STANDARD METHOD.—Except as  
otherwise provided  
under subparagraph (B) for purposes of  
applying sub-  
section (a)(3) a group health plan and a  
health insurance  
issuer offering group health insurance  
coverage shall count  
a period of creditable coverage without regard  
to the specific  
benefits covered during the period

"(B) ELECTION OF ALTERNATIVE METHOD.—A  
group  
health plan or a health insurance issuer  
offering group  
health insurance may elect to apply  
subsection (a)(3) based  
on coverage of benefits within each of several  
classes or  
categories of benefits specified in regulations  
rather than  
as provided under subparagraph (A). Such  
election shall  
be made on a uniform basis for all  
participants and beneficiaries. Under such election a group health  
plan or issuer  
shall count a period of creditable coverage  
with respect  
to any class or category of benefits if any level  
of benefits  
is covered within such class or category.

"(C) PLAN NOTICE.—In the case of an  
election with  
respect to a group health plan under  
subparagraph (B)  
(whether or not health insurance coverage is  
provided in  
connection with such plan) the plan shall

"(i) prominently state in any disclosure  
statements  
concerning the plan and state to each  
enrollee at the  
time of enrollment under the plan that  
the plan has  
made such election and

"(ii) include in such statements a  
description of  
the effect of this election.

"(D) ISSUER NOTICE.—In the case of an  
election under  
subparagraph (B) with respect to health  
insurance coverage  
offered by an issuer in the small or large  
group market,  
the issuer

"(i) shall prominently state in any  
disclosure state-  
ments concerning the coverage and to  
each employer  
at the time of the offer or sale of the  
coverage that  
the issuer has made such election and

"(ii) shall include in such statements a  
description

of the effect of such election.  
"(4) ESTABLISHMENT OF PERIOD.—Periods of creditable coverage with respect to an individual shall be established through presentation of certifications described in subsection (e) or in such other manner as may be specified in regulations.

"(d) EXCEPTIONS.—  
"(1) EXCLUSION NOT APPLICABLE TO CERTAIN NEWBORNS.—

Subject to paragraph (4), a group health plan and a health insurance issuer offering group health insurance coverage may not impose any preexisting condition exclusion in the case of an individual who, as of the last day of the 30-day period beginning with the date of birth, is covered under creditable coverage.

"(2) EXCLUSION NOT APPLICABLE TO CERTAIN ADOPTED CHILDREN.—

Subject to paragraph (4), a group health plan and a health insurance issuer offering group health insurance coverage may not impose any preexisting condition exclusion in the case of a child who is adopted or placed for adoption.